



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 21, 2003

Ordinance 14719

Proposed No. 2003-0296.1

Sponsors Hague and Phillips

1 AN ORDINANCE relating to affordable housing program
2 guidelines for local revenue created by 2002 Washington
3 Laws Chapter 294 (Substitute House Bill 2060).

4

5

6 **PREAMBLE:**

7 In accordance with Motion 11444 and 2002 Wash. Laws Chapter 294, a
8 planning process involving King County, cities within King County and
9 King County stakeholders was held for the purpose of establishing
10 implementing guidelines for the use and allocation of the sixty percent of
11 the document recording surcharge that is received and deposited into a
12 fund by King County, for use by King County and its cities and towns for
13 affordable housing to households at or below fifty percent of area median
14 income.

15 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

16 **SECTION 1.** A new affordable housing funding program is established in King
17 County from the revenue generated by 2002 Wash. Laws Chapter 294. This new

18 program is a regional fund administered by the King County housing and community
19 development program and is entitled the regional affordable housing program.

20 SECTION 2. The regional affordable housing program guidelines attached to this
21 ordinance direct the allocation and use of the sixty percent of the recording surcharge that
22 is deposited into an account by King County for use by King County and its cities and
23 towns for affordable housing.

24 SECTION 3. The regional affordable housing guidelines attached to this
25 ordinance shall be incorporated as an Appendix to the King County Consortium's
26 Consolidated Housing and Community Development Plan, a comprehensive affordable
27 housing planning and policy document adopted by the King County council.

28 SECTION 4. The interjurisdictional joint recommendations committee, the body
29 that may approve regional affordable housing program fund allocations under the
30 attached guidelines, may approve an amendment to the guidelines for the sole purpose of

Ordinance 14719

31 inserting the percentage figures for the subregional allocation targets once the necessary
32 2000 census data is available.
33

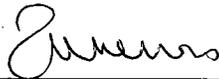
Ordinance 14719 was introduced on 6/30/2003 and passed by the Metropolitan King
County Council on 7/21/2003, by the following vote:

Yes: 11 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr.
Phillips, Mr. Pelz, Mr. Constantine, Mr. Hammond, Mr. Gossett, Mr. Irons
and Ms. Patterson
No: 0
Excused: 2 - Mr. McKenna and Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Cynthia Sullivan, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 30 day of July, 2003.


Ron Sims, County Executive

RECEIVED
2003 JUL 30 PM 4: 09
CLERK
KING COUNTY COUNCIL

Attachments A. Proposed Regional Affordable Housing Program Guidelines

PROPOSED
Regional Affordable Housing Program Guidelines

Guidelines for the Administration and Allocation of

SHB 2060 Local Low-Income Housing Funds

In King County

A. Introduction

The provisions of Substitute House Bill 2060 became effective in Washington State on June 13, 2002.

SHB 2060 created a document recording fee on certain documents to be utilized for low-income housing. Administration of the fund is shared between local governments and the State. The local portion of SHB 2060 funds is to be administered pursuant to a cooperative agreement between the County and the Cities and Towns within the County.

The work of the Housing Finance Task Force (“HFTF”), appointed by the King County Growth Management Planning Council in 1994, led to the passage of SHB 2060. In recognition of the recommendations made by the HFTF, a SHB 2060 Planning Group was invited to come together to produce guidelines for the King County SHB 2060 funds. The King County SHB 2060 Planning Group¹ is made up of City representatives, County

¹ City representatives included staff from the cities of: Burien, Tukwila, Kent, Federal Way, Redmond, Kirkland, Issaquah, Shoreline, Covington, Seatac, Auburn, Seattle, Bellevue and ARCH

Housing organization representatives included staff from the following: Seattle-King County Housing Development Consortium, Impact Capital, South King County Multi-Service Center, Hopelink, Fremont Public Association, Seattle Habitat for Humanity, South King County Habitat for Humanity, Friends of Youth, The Salvation Army,

representatives and representatives from a variety of private housing organizations in King County.

The King County SHB 2060 Planning Group strongly favored a regional low-income housing fund source administered by King County. The planning group worked hard to achieve a regional fund, and the Regional Affordable Housing Program Guidelines are the result of that work.

B. Duration of the Guidelines

The Regional Affordable Housing Program (“RAHP”) Guidelines shall take effect after adoption by the King County Council, and shall remain in effect through December 31, 2006. In the spring of 2006 the King County 2060 planning group shall be reconvened to evaluate the RAHP, and to make recommendations as to whether the RAHP guidelines should be amended or should remain in the current format.

C. Decision-Making Structure and Regional Allocation Method

1. Approving Body

Community Psychiatric Clinic, Lifelong Aids Alliance, St. Andrews Housing Group, Housing Resource Group, EDVP, YWCA, Mental Health Housing Foundation, Rental Housing Association, Highline-West Mental Health, Valley Cities Counseling, Seattle Emergency Housing Service, Common Ground, Vietnam Veterans Leadership Program

The interjurisdictional Joint Recommendations Committee (JRC), as defined in the RAHP Interlocal Cooperation Agreement, hereinafter “RAHP Agreement” shall be the body that reviews and adopts RAHP funding allocations and related allocation policies. The JRC will be expanded, pursuant to the RAHP Agreement, to include representation from the City of Seattle on RAHP matters.

Allocations and related policies adopted by the JRC must be consistent with these RAHP Guidelines, the Consolidated Plans of the King County Consortium and the City of Seattle, and other local housing plans, as applicable.

2. Annual Fund Allocation Recommendations

The existing HOME Working Group, as defined in the RAHP Agreement, shall be renamed the RAHP/HOME Working Group and shall be expanded to include a staff representative from the City of Seattle. City of Seattle staff will participate solely in making RAHP recommendations.

The RAHP/HOME Working Group will work together to make RAHP fund allocation recommendations and related allocation policy recommendations to the JRC:

- King County HCD staff will review all RAHP applications and make preliminary funding recommendations on them.

- Cities staff will review applications for projects in their jurisdiction and make preliminary recommendations on those applications.
- Cities staff will receive information on all RAHP applications to review prior to the meeting of the RAHP/HOME Working Group at which final funding recommendations are formulated for transmittal to the JRC.
- RAHP/HOME Working Group participants will meet together to make annual RAHP funding recommendations to the JRC, and at other times during the year, as necessary, to discuss RAHP issues and make recommendations to the JRC.

3. Subregional Allocation Targets

The RAHP Fund will be a flexible fund that can address regional and subregional housing needs. The fund will use subregional allocation targets as a means to achieve geographic equity in the distribution of SHB 2060 funds by December 31, 2006, the date that these guidelines and the RAHP Agreements expire.

a. Subregional Areas:

- 1) City of Seattle Subregion
- 2) North/East Subregion – north and east urban and rural areas, including 34% of unincorporated King County²

² Percent of unincorporated King County attributed to the North/East and South Subregions is based on the 2000 census data for households in the unincorporated portions of the King County Community Planning Areas, as listed in the 2002 Annual Growth Report.

3) South Subregion – south urban and rural areas, including 66% of unincorporated King County

b. Formula for Subregional Allocation Targets

Each subregion will have a targeted percentage of the RAHP funds, including the interest on the RAHP funds, allocated to projects within the subregion over the 4-year period of the RAHP Guidelines and the RAHP Agreement. Each subregion will receive allocations to projects within the subregion that are equal to or greater than 95%, of the subregions' allocation target by December 31, 2006.

The formula for allocating RAHP funds to the subregions is as follows:

- One half of the RAHP funds shall be targeted for allocation amongst the three subregions based on each subregion's relative share of total existing need for affordable housing. Existing need shall be determined by the percentage of low-income households paying more than 30% of their income for housing in the subregion, according to the 2000 U.S. Census data³.
- One half of the RAHP funds shall be targeted for allocation amongst the three subregions based on the subregions' growth targets for future need, as established through the Growth Management Planning Council. Future need shall be

determined by the subregions' relative share of total future need for affordable housing in the County. A subregion's relative share of future need is the percentage of the subregion's affordable housing target for low-income households relative to the cumulative affordable housing target for low-income households of all jurisdictions in the County, including unincorporated King County⁴.

When the U.S. Census data has been broken down in the form needed to determine the subregional target percentages, it will be applied to the formula specified above in order to calculate the actual targets. The actual target percentages will be presented to the JRC for their approval to insert them into the RAHP Guidelines.

c. RAHP/HOME Working Group to Monitor Subregional Allocation Targets

The RAHP/HOME Working Group will monitor the subregional distribution of RAHP funds every allocation cycle. Following the 2004 and 2005 RAHP allocation cycles the working group will determine if any subregion(s) has received allocations below 95% of the subregion's allocation target.

³ King County demographers are working to break down the 2000 U.S Census Data in the form that is needed to develop the subregional allocation target percentages.

⁴ The percentage of a subregion's target relative to the cumulative target is derived by averaging the target percentages of the jurisdictions within that subregion. For each jurisdiction, the target percentage is calculated in the following manner: the number of households that a jurisdiction must plan for, per the 2002-2022 Countywide Planning Policy (CPP) Growth Target, is multiplied by .24 or .20 (depending on the ratio of low wage jobs to low cost housing for the jurisdiction in Appendix 3 of the CPPs); that number is then divided by the cumulative

If any subregions have received allocations under 95% of their target allocation after the first two funding cycles, the working group will adjust the allocation targets of such subregion(s) in the third and/or fourth funding cycles, as needed. In addition, the Working Group will propose strategies and actions, for review by the JRC, that are designed to increase the percentage of RAHP funds spent in those subregion(s). Staff of the jurisdictions that are parties to the RAHP Agreement will work to implement actions that will aid in achieving geographic equity in RAHP allocations by December 31, 2006.

D. Use of the RAHP Funds

1. RAHP Priorities

- **Top Priority:** Capital funds for the acquisition, rehabilitation and/or new construction of eligible housing projects or units within housing projects. New construction is not eligible if the low-income housing vacancy rate for all of King County exceeds 10%⁵.
- **Second Priority:** Building operations and maintenance funds for transitional housing projects or transitional units within housing projects that were built with Housing

affordable housing target for low-income households of all King County jurisdictions, including unincorporated King County.

⁵ The low-income housing vacancy rate for each county will be established by the State, pursuant to the SHB 2060 legislation.

Trust Fund dollars, and that require a supplement to the rental income in order to cover ongoing operating expenses.

- **Third Priority:** Operating funds for emergency shelters and licensed overnight youth shelters.
- **Last priority:** Rental assistance vouchers to be administered by a local housing authority in conformity with the Section 8 program.

2. RAHP Eligibility

Eligible Housing Types

- Capital Funds: permanent rental or ownership housing projects or units within housing projects, transitional housing projects or transitional units within housing projects, emergency shelters and licensed overnight youth shelters or shelter space within a housing project.
- Operating and Maintenance Funds: transitional housing projects, emergency shelters and licensed overnight youth shelters.

Eligible Populations Served

- All projects or units funded with RAHP funds must serve households at or below 50% of area median income
- Families

- Homeless families and individuals, including youth
- Special needs populations, including seniors
- Disabled households or households with a disabled member

Eligible Applicants

- Nonprofit organizations
- Housing Authorities
- Local governments
- For-profit entities are only eligible for capital funds in the top priority. This is due to the language of the SHB 2060 legislation, which restricts operations and maintenance funds to projects “built with Housing Trust Funds”. For-profit entities are not eligible for WA State Housing Trust Funds.

Eligible use of RAHP Funds - eligible uses of funds are subject to the RAHP priorities listed above

Capital funds:

- Acquisition of land for a housing project or units in a project that will serve eligible population(s).
- New construction of a housing project or units in a project that will serve eligible population(s).
- Acquisition of a housing project or units in a project that will serve eligible population(s).

- Rehabilitation of a housing project or units in a project that will serve eligible population(s).
- Capitalization of a maintenance replacement reserve in connection with a capital investment – applicants may be new housing projects that will serve eligible populations, as well as existing⁶ housing projects that serve eligible populations.
- Rental assistance voucher program for housing projects or units within housing projects administered by a housing authority.

Operations and Maintenance (O&M) Funds:

- Ongoing building operations and maintenance expenses that cannot be covered by the rental income of the housing project; building O&M expenses must be directly related to running the building(s) and cannot include services (see section E.1. below for more information about the O&M fund program).
- Rental assistance vouchers to be administered by a local housing authority in conformity with the Section 8 program.

E. RAHP Administration

The RAHP funds shall be administered as a regional fund by the King County Housing and Community Development (HCD) Program.

⁶ Existing projects are housing projects or units in projects that already served eligible population(s) and already existed as of the date of application for funds.

1. RAHP Capital Funds

RAHP capital funds will be administered by the King County HCD's Housing Finance Program (HFP), in conjunction with other fund sources administered by HFP.

The HFP will staff the RAHP/HOME Working Group and work with staff of the participating cities in King County to develop RAHP funding allocation recommendations and related policy recommendations for JRC review and adoption.

The HFP will distribute RAHP funds through contracts pursuant to the allocations adopted by the JRC, and will generate an annual RAHP report that provides information about the projects that received funding in the current year, as well as the status of projects awarded RAHP funds in prior year(s).

By request of the 2060 Planning Group, the HFP staff will apply the terms of the King County Housing Opportunity Fund ("HOF") to RAHP contracts, with the exception of the following:

- to the extent that there are differences between the HOF guidelines and RAHP guidelines, the RAHP guidelines will apply;
- a financial match by the local government where a housing project is to be located is not required, but is encouraged.

- RAHP funds will have no maximum subsidy per unit, but will be limited to 50% of the total development cost of a project.

2. RAHP Operations and Maintenance Fund

The local RAHP O&M fund will be administered through the King County HCD Program's Homeless Housing Programs ("HHP") Section.

The local portion of SHB 2060 funds to be used as O&M for transitional housing projects and emergency shelters will be 16% of the anticipated average amount of local SHB 2060 dollars (\$2.2 million)⁷. In order to hold the RAHP O&M fund steady so that multi-year commitments can be awarded to eligible projects, the O&M portion of the fund will be held at \$352,000 per year (16% of the total \$2.2 million average) for the duration of the RAHP Guidelines. As the total local portion of SHB 2060 funds collected fluctuates from year to year, the O&M portion will remain at \$352,000 and the remainder of the local portion will be available for the other priorities.

The priority for RAHP O&M funds will be existing projects that the Washington State O&M fund is unlikely to support. The priorities for the State O&M fund are new housing

⁷ The percentage of local SHB 2060 funds set aside for O&M was determined by the 2060 Planning Group, which worked together to balance O&M needs and other priority needs in the County. Given the fact that 40% of the locally collected funds are sent to the State of Washington solely for O&M use, and the fact that King County projects can apply for the State O&M funds, the 2060 Planning Group felt that local O&M needs and other priority needs are adequately balanced at this percentage.

projects that are simultaneously applying for WA State Housing Trust Fund capital funds and shelters receiving Emergency Shelter Assistance Program (“ESAP”) funds,-
Therefore, the local RAHP O&M fund will prioritize existing transitional housing projects and shelters that do not receive ESAP funds.

Following the adoption of the RAHP Guidelines and the RAHP Agreement by the jurisdictions in King County that elect to participate in the RAHP, the HHP will convene a focus group of city staff and stakeholders to further develop the parameters of the RAHP O&M fund and the RAHP O&M Request for Proposals. The RAHP O&M funds will be awarded in multi-year commitments and will have minimum and maximum grant amounts, however, the minimum and maximum amounts and other O&M fund details will be determined by the O&M focus group and will be reviewed by the JRC.

The HHP will invite city staff and other stakeholders to participate on the panel to review applications for the RAHP O&M funds. The review panel will recommend O&M fund awards to the JRC for final adoption.